

Message Text

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21

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-02

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

XMB-04 /120 W

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R 140630Z MAR 75

FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 8405
INFO USMISSION GENEVA
USMISSION EC BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
AMEMBASSY LONDON
AMEMBASSY BONN
AMEMBASSY MOSCOW
USDEL MTN GENEVA

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E.O. 11652:N/A

TAGS:ECON, ETRD, FI

SUBJECT:GOVERNMENT ANNOUNCEMENT OF MEASURE TO REDUCE FINLAND'S
MASSIVE TRADE DEFICIT

REF:A) HELSINKI 1305, JULY 2,1974 (NOTAL);B) HELSINKI 0550

1. SUMMARY: TEXT OF FINNISH GOVERNMENT STATEMENT OF
MARCH 11, 1975 ABOUT ITS PROGRAM TO CORRECT FINLAND'S
PERSISTENT TRADE DEFICIT IS HERINBELOW GIVEN. END SUMMARY.

2. GOVERNMENT STATEMENT OF MARCH 11, 1975: FINLAND'S FOREIGN
TRADE HAS BEEN CHARACTERIZED BY DIEQUILIBRIUM FOR A LONG
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TIME. THE COUNTRY'S TRADE DEFICIT FOR 1975 REACHED A TOTAL

FO ABOUT FMK. 5 BILLION. THE IMPORT SURPLUS HAS SHOWN A FURTHER SHARP INCREASE DURING THE CURRENT YEAR. FINANCING OF THE TRADE DEFICIT WOULD BECOME EXTREMELY DIFFICULT WITHIN THE NEXT FEW MONTHS. THIS WOULD RESULT IN REDUCED PRODUCTION IN MANY SECTORS, THREAT OF GROWING UNEMPLOYMENT AND SERIOUS DISTURBANCES IN SOCIAL DEVELOPMENT. IN ORDER TO AVOID SUCH A SITUATION, THE GOVERNMENT HAS TAKEN TODAY THE FOLLOWING STEOPS TO RESTORE FOREIGN TRADE EQUILIBRIUM. THE GOVERNMENT HAS TODAY SUBMITTED A BILL ON IMPORT DEPOSITS TO PARLIAMENT. ACCORDING TO THE BILL, THE GOVERNMENT MAY DECREE THAT SPECIAL IMPORT DEPOSITS MUST BE MADE ON IMPORTED GOODS. THE MAXIMUM AMOUNT OF THE DEPOSIT WOULD BE 30 PERCENT OF THE IMPORT PRICE AND IT WOULD BE RETURNED TO THE IMPORTER AFTER A PERIOD OF SIX MONTHS FROM THE DATE OF THE DEPOSIT INVOLVED. (EMBASSY NOTE: NO INTEREST WILL BE PAID ON THESE DEPOSITS). THE OBJECTIVE OF THE PROPOSED LAW ON IMPORT DEPOSITS IS TO REDUCE EXCESSIVE IMPORTS. THE BILL IS CONSIDERED EXTREMELY URGENT BY THE GOVERNMENT. IN ORDER TO PREVENT A GROWTH IN SPECULATIVE IMPORTS PRIOR TO THE EFFECTIVE DATE OF THE LAW, THE GOVERNMENT HAS DECREED TODAY THAT A TEMPORARY SPECIAL FEE OF 15 PERCENT ON ALL IMPORTED GOODS, EFFECTIVE AS OF MARCH 12, 1975. THE FEE IS LEVIED UNTIL THE LAW ON IMPORT DEPOSITS COMES INTO FORCE. (EMBASSY NOTE: THIS LEVY WILL NOT BE RETURNED TO IMPORTERS). THE GOVERNMENT HAS MADE A DECISION TODAY ON THE IMPLEMENTATION OF COMPLETE PRICE CONTROLS, SO THAT THE SYSTEM OF IMPORT DEPOSITS WILL NOT RAISE PRICES, AND COULD IN PRACTICE ACTUALLY RESTRAIN IMPORTS. THE GOVERNMENT HAS ALSO SUBMITTED A BILL TO PARLIAMENT, CALLING FOR AMENDMENTS TO THE LEGISLATION OF PRICE CONTROLS. THE AMENDED LAW WILL PROVIDE THAT AN IMPORT DEPOSIT AND INTEREST PAID OUT OR FOREGONE IN CONNECTION WITH IT SHALL NOT BE REGARDED AS AN EXPENDITURE JUSTIFYING A PRICE INCREASE. THE PURPOSE OF THE ABOVE-MENTIONED MEASURES IS TO IMPROVE FINLAND'S FOREIGN TRADE BALANCE AS SOON AS POSSIBLE. A PERMANENT EQUILIBRIUM CAN ONLY BE REACHED BY MEASURES, HOWEVER, WHICH AFFECT THE STRUCTURE OF THE ECONOMY. THEREFORE, THE GOVERNMENT HAS MADE ITS DECISION TODAY CONCERNING THE OVERALL LINES OF THE ECONOMIC AND BUDGET POLICY FOR 1975 - 1976. CONSEQUENTLY EFFORTS WILL BE MADE TO FOSTER THE GROWTH OF INDUSTRY WHICH EXPORTS OR HAS EXPORT POTENTIAL, TO LOWER ENERGY CONSUMPTION, TO RESTRAIN EXPENDITURE INCREASES BY THE GOVERNMENT AND MUNICIPALITIES ALIKE AND TO PURSUE

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SURES, HOWEVER, WHICH AFFECT THE STRUCTURE OF THE ECONOMY. THEREFORE, THE GOVERNMENT HAS MADE ITS DECISION TODAY CONCERNING THE OVERALL LINES OF THE ECONOMIC AND BUDGET POLICY FOR 1975 - 1976. CONSEQUENTLY EFFORTS WILL BE MADE TO FOSTER THE GROWTH OF INDUSTRY WHICH EXPORTS OR HAS EXPORT POTENTIAL, TO LOWER ENERGY CONSUMPTION, TO RESTRAIN EXPENDITURE INCREASES BY THE GOVERNMENT AND MUNICIPALITIES ALIKE AND TO PURSUE

A SELECTIVE INVESTMENT POLICY. THE GOVERNMENT'S GOAL IS, EVEN IN THE INCREASINGLY DIFFICULT ECONOMIC SITUATION, THE MAINTAIN EMPLOYMENT AS WELL AS MAINTAIN AN ADEQUATE LIVLIHOOD FOR THE WORKING AND LOW-SALARIED SEGMENT OF THE POPULATION. END QUOTE.

3. ABOVE IS UNOFFICIAL TRANSLATION BY EMBASSY FROM FINNISH TEXT.
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Message Attributes

Automatic Decaptioning: X
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Disposition Event:
Disposition History: n/a
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Margaret P. Grafeld
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